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June 10, 2011

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Mike R. Rafati, Enforcement Specialist
U.S. Environmental Protection Agency
Remedial Enforcement Support Section
77 W. Jackson Boulevard
SR-5J
Chicago, IL 60604-3590

Re: EPA's Request to Liberty Mutual Insurance Company for Information Pursuant to Section 104(e) of CERCLA regarding Chemetco facility in Hartford, IL

Dear Mr. Rafati:

This letter is Liberty Mutual Insurance Company's ("Liberty Mutual") response to the EPA's 104(e) Request for Information regarding the Chemetco facility in Hartford, Madison County, Illinois ("Site"). Please note that the responses set forth herein are based on information currently known by Liberty Mutual and its attorneys. Liberty Mutual reserves the right to supplement this response should it come to our attention that additional responsive documents are located.

Each request is responded to subject to the following General Objections ("General Objections") and the General Objections form a part of the response to each request. Liberty Mutual is responding only on its own behalf and will not respond on behalf of another entity, including but not limited to any policyholder or alleged policyholder of Liberty Mutual. The fact that, in response to some of requests, Liberty Mutual states that it will produce any responsive non-privileged documents does not mean that Liberty Mutual has determined that such documents exist. The fact that Liberty Mutual may produce a document is not a concession that the document or its contents are true, accurate, or authentic or that the document is relevant.

1. Privileges

Liberty Mutual objects to the requests to the extent that they seek information that is privileged, by virtue of the attorney-client privilege, work product privilege, privilege accorded to settlement materials/negotiations, joint defense privilege, First Amendment privilege, or other applicable privileges and will not disclose such information.

Liberty Mutual Group

2. Beyond the Scope of 42 U.S.C. Section 9604(e)(2)

Liberty Mutual objects to the requests to the extent they seek information that is not within the scope of Section 9604(e)(2), which sets forth the scope of information to which the EPA is authorized to obtain access.

3. Relevance

Liberty Mutual objects to the requests to the extent that they seek information that is not relevant to the issues raised in connection with contamination or threatened contamination at the Site or the ability of an entity or person to pay for or to perform a cleanup relating to the Site. Nothing herein shall be construed as an admission by Liberty Mutual respecting the admissibility or relevance of any fact or document, or as an admission of the truth or accuracy of any characterization or document of any kind contained in the requests.

4. Information Regarding Sites Other Than the Subject Site, or Policies That Do Not Name Chemetco, Inc. as an Insured or Additional Insured or Policyholders Other Than Chemetco, Inc.

Liberty Mutual objects to the requests to the extent that they seek disclosure of information concerning sites other than the subject Site, policies that do not name Chemetco, Inc. as an insured or additional insured, or policyholders other than Chemetco, Inc., on the following grounds: (1) such requests are overly broad; (2) the information sought therein is not relevant; (3) the information sought therein would be unduly burdensome to disclose; and (4) the information sought therein is privileged and/or of a confidential or proprietary nature, disclosure of which could adversely affect the interests (including, without limitation, privacy rights and interests, rights to trade secrets, and attorney-client, work product, settlement or other privileges) of such insureds and/or other third parties. Liberty Mutual hereby asserts all rights and privileges of such third parties on their behalf. To the extent that it is determined that Liberty Mutual is not entitled to assert a privilege as to information regarding its insureds, Liberty Mutual will request permission for it to notify the insureds of the requests and set a date by which those insureds may object to the requests on their own behalf.

5. Information That is Confidential or Proprietary Information or a Trade Secret

Liberty Mutual objects to the requests to the extent that they seek information that is confidential or proprietary or a trade secret and will assert a confidentiality claim under 42 U.S.C. Section 9604(e) (7) and related statutes and regulations.

Our submission contains proprietary trade secret information pertaining to claims systems and claims processing, and policy information not disclosed to third parties. Liberty Mutual has safeguards in place to protect attorney work product information, company confidential, trade secret and proprietary information and individual policyholder information because disclosure of such information to the public could adversely affect Liberty Mutual's business and claims handling practices and the policyholder.

The confidentiality of the submission is continuing and not limited in time. Liberty Mutual requests the EPA to return this confidential information upon the conclusion of its investigation. The originals should be returned to me at the address specified at the top of the first page of the letter. For your convenience, a return label has been provided with our response. To the extent any contents of the submission have been scanned and stored electronically, appropriate steps should be taken to ensure the electronic versions of this have been deleted. If any copies of the documents have been made, those copies should be returned to my attention as well.

Liberty Mutual has not disclosed this information to any other entity or party not involved in this 104e request.

As you will note, Liberty Mutual has submitted the response in appropriately labeled envelopes. I look forward to hearing from you concerning the verification of the confidentiality claim.

6. Definition of Liberty Mutual

Liberty Mutual objects to the requests to the extent that they define the respondent to include affiliates and subsidiaries of the addressee, which is listed simply as "Liberty Mutual," and/or seek information regarding separate and distinct underwriting companies that may be subsidiaries or affiliates of the addressee, on the grounds that there is no evidence of any reasonable lead that the EPA may have that any such subsidiary or entity ever provided any insurance to Chemetco, and that the serendipitous acquisition by a Liberty Mutual company of other companies or affiliation of a Liberty Mutual company with other companies, in and of itself, is not a sufficient basis for seeking information under Section 104e of CERCLA from such other companies.

Subject to the foregoing General Objections, Liberty Mutual Insurance Company responds, paragraph by paragraph as follows:

1. Identify the time period during which Liberty Mutual (Respondent) placed insurance on behalf of Chemetco, Inc., as well as the name and current whereabouts, if known, of individuals at the Chemetco Facility with whom Respondent communicated and the nature of the communication.

Response:

According to a "new business application", sales representative Vernon Winter, on behalf of Liberty Mutual, worked with Bill Cassidy, VP - finance of Chemetco (also spelled Cassiday), to place insurance coverage effective 10/1/1997 through 10/1/2000. According to a policy cancellation notice, the general liability and excess policies issued by Liberty Mutual were cancelled on 10/1/2000.

We do not know of the current whereabouts of Mr. Cassidy.

2. Provide copies of all documents, records, and correspondence in your possession relating to Chemetco, Inc. In particular, we request copies of all documents you received as a result of the request for information made in Tom Gesner's August 11, 1999, letter (Enclosure 4), as well as any documents relating to the subject of how or to what extent Chemetco's insurance policies covered environmental claims, including but not limited to all related correspondence subsequent to the August 11, 1999, letter.

Response:

We are producing a copy of the claim file relating to the Chemetco facility in Hartford, Illinois, which includes the response of Chemetco's counsel, Patrick Flynn, Esquire of Flynn & Guymon, to the letter from Tom Gesner, dated August 11, 1999. The response to Mr. Gesner's letter can be located within the claim file, which I am providing to you at this time. For ease of reference, I have affixed a yellow note to Mr. Flynn's response, dated September 27, 1999. In addition, we are providing a copy of the electronic claim file.

It is important to note there was an error on the chart titled "General Liability Policies for Chemetco, Inc." attached to the letter from Tom Gesner, dated August 11, 1999. According to information available in our underwriting records, ITT Hartford - Twin City was on the risk until October 1, 1997, when Liberty Mutual began to write coverage until October 1, 2000. Liberty Mutual's policy period began in 1997 rather than 1996.

3. Provide copies of all casualty, liability and/or pollution insurance policies in your possession issued to Chemetco, Inc., from 1970 to 2001, including but not limited to comprehensive general liability, primary, umbrella and excess policies, as well as any environmental impairment liability or pollution legal liability insurance.

Response:

We are producing copies of the following policies issued to:

Chemetco, Inc.
P.O. Box 67
Hartford, IL 62048

Please note that we consider the attached insurance policies to be confidential. They may be disseminated to the insured named in the policies, but should not be disseminated to the public without the insured's consent.

Commercial General Liability

(10/1/1997 - 1998)

----- (10/1/1998 - 1999)

(10/1/1999 - 2000)

Umbrella Excess

(10/1/1997 - 1998)
---- (10/1/1998 - 1999)
---- (10/1/1999 - 2000)

In addition, we have located the following policies, which I am including with this response:

Motor Truck Cargo

..... (10-1-1997 - 10-1-1998)
..... (10-1-1999 - 10-1-2000)

Premier Property

..... (10-1-1998 - 10-1-1999)
..... (10-1-1999 - 10-1-2000)

We will advise you if we locate any additional policies responsive to this request.

Based on the information available to date, we have not located any evidence Liberty Mutual insured Chemetco, Inc. from 1970 to 10/1/1997.

4. If there are any casualty, liability and/or pollution insurance policies issued to Chemetco, Inc., from 1970 to 2001, of which you have any evidence, or of which you are aware but neither possess copies, nor are able to obtain copies, identify each such policy to the best of your ability by identifying:
 - a. The name and address of each insurer and of the insured;
 - b. The type of policy and policy numbers;
 - c. The per occurrence or per accident policy limits of each policy;
 - d. Whether each such policy is "primary" or "excess", and
 - e. The commencement and expiration dates of such policy.

Response:

4a - Employers Insurance of Wausau (Wausau, WI and now 175 Berkeley Street, Boston, MA 02116)

4b - business property -

4c - Pollutants Cleanup and Removal - \$10,000

4d - primary

4e - 10/1/1996 - 1997

4a - Chubb (Federal Insurance Company)

4b - executive protection policy - crime -

4c - information not available

4d - information not available

4e - 10/1/1996 - 1997

4a - American Home Assurance Company (address not available)

4b - We have End 6 only which appears to be part of Marine Open Cargo Policy

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4c - information not available

4d - information not available

4e - information not available

4a - ITT Hartford Ins. Group (Hartford Plaza, Hartford, CT 06115)

4b - Special Multi-Flex policy -

- general liability and auto

4c - \$1,000,000 each occurrence

4d - primary

4e - 10/1/1996 - 1997

4a - ITT Hartford - Twin City Fire Ins. Co.

(200 W. Madison Street, Chicago, IL 60606)

4b - Workers' Compensation and Employers' Liability -

4c - Part B employer liability - Bodily Injury \$1M per accident, Bodily Injury by Disease \$1M each employee and policy limits

4d - primary workers compensation policy

4e - 10/1/1996 - 10/1/1997

4a - Illinois National Insurance Company

(500 West Madison Street, Chicago, IL 60606)

4b - Commercial Umbrella -

4c - \$10,000,000 each occurrence

4d - Excess

4e - 10/1/1996 - 10/1/1997

The above-referenced policy materials will be made available to you for inspection in our offices in Boston, Massachusetts at a mutually agreed upon date and time.

In addition to the above-referenced policy information, we also have evidence scattered within premium and credit files and underwriting files of Garage Liability policies, Truckers policies, and Workers Compensation policies issued by Liberty Mutual to Chemetco for some period of time incepting October 1, 1997. These files will be made available to you for inspection in our offices in Boston, Massachusetts on a mutually agreed upon date and time. See also Liberty Mutual's response to request number 6 below.

We are still in the process of searching for copies of any such policies and will advise you if we locate any such policies.

5. To the extent not identified in Questions 3 or 4 above, provide all other evidence of casualty, liability and/or pollution insurance issued to Chemetco, Inc., from 1970 to 2001.

Response:

Please see responses to 3-4.

6. For each policy of insurance identified in Questions 3 or 4 above, provide all underwriting, placing and marketing files, claim files, loss control files, and premium audits, as well as any accounting records including retrospective rating adjustments, for each such policy.

Response:

We are providing you with a copy of the claim file relating to the Chemetco facility in Hartford, Illinois – see response to request number 2 above. Copies of other documents responsive to request number 6 will be made available to you for inspection in our offices in Boston, Massachusetts on a mutually agreed upon date and time.

7. Provide all documents and files that constitute, evidence, refer, or relate to environmental claims made by Chemetco under any of the policies identified in Questions 3 or 4.

Response:

Please see response to request number 2.

8. Identify all previous settlements by Chemetco (or its predecessors) with its insurers which relate in any way to environmental liabilities and/or to casualty, liability and/or pollution insurance coverage, including:
 - a. The date of the settlement;
 - b. The scope of release provided under such settlement; and

- c. The amount of money paid by pursuant to such settlement.

Provide copies of all such settlement agreements.

Response:

Based on the information available, we have not located any documents or files pertaining to any environmental settlement(s) by Chemetco.

Please be advised that issues related to insurance coverage for Chemetco's claim relating to the Site have been litigated in court in Illinois and resulted in an order of summary judgment for the insurance companies, on the grounds that the claim was precluded by certain exclusions in the policies. For your convenience, relevant materials from the summary judgment motion filed in Twin City Fire Ins. Co. and Hartford Casualty v. Chemetco, Inc., *et al.*, United States District Court for the Southern District of Illinois, Civil Action No. 01-128 DRH, are being provided with our response.

9. Please state the name, title and address of each individual who assisted or was consulted in the preparation of the response to this information request.

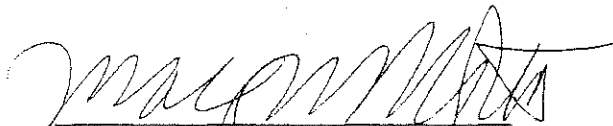
Response:

Please see appendix A.

DECLARATION

I certify under a penalty of law that this document and all Enclosures were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gathered and evaluated the information submitted and the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Executed on June 10, 2011



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Enclosures